

MINUTES OF THE EXECUTIVE MEETING OF THE BOARD OF OIL, GAS,
AND MINING, HELD ON TUESDAY, OCTOBER 26, 1976, IN THE
DIVISION'S OFFICES, 1588 WEST NORTH TEMPLE, SALT LAKE CITY,
UTAH.

BOARD MEMBERS PRESENT:

Guy N. Cardon, Chairman
Robert R. Norman
Charles R. Henderson
Hyrum L. Lee
I. Daniel Stewart

STAFF MEMBERS PRESENT:

Cleon B. Feight, Director
Patrick L. Driscoll, Chief Petroleum Engineer
Ronald W. Daniels, Coordinator of Mined Land Development
Brian W. Buck, Engineering Geologist
Scheree Wilcox, Administrative Assistant

The meeting was opened at 5:30 p.m., by Chairman Cardon ...

STRIPPER WELLS

Chairman Cardon initiated a discussion of the proposed "stripper well" definition. As it now reads, a stripper well is defined as: "crude oil produced and sold from a property whose maximum average daily production of crude oil per well, during any consecutive twelve (12) month period, beginning after December 31, 1972, does not exceed ten barrels." In recent correspondence, it was the Division's recommendation that the definition be changed to that which is authorized by the Bureau of Mines in its' "Dictionary of Mining, Mineral, and Related Terms"; which definition reads as follows: "a stripper well is a nearly depleted well whose income barely exceeds operating cost of production". After much discussion pertaining to the current pricing structure for oil and gas, the detrimental effects that this particular definition has had within the State of Utah, and the forthcoming problem of the wells within the Greater Altamont-Bluebell Area which will likely be plugged once their producing rate decreases to the 30 barrel per day limit; the Board unanimously agreed that

the Division should contact and receive the approval of the Governor, to write each of Utah's Congressional Delegation, the Interstate Oil Compact Commission, the Western Governors Regional Energy Policy Committee, the Rocky Mountain Oil and Gas Association, and all other oil producing states' congressional delegations, with the request that they support a change in the "stripper well" definition as indicated above. Mr. Driscoll pointed out that at the present time, there is not a definition of a "stripper" gas well. It was his recommendation that said definition also include gas wells. The Board agreed, and requested Mr. Feight to follow-through with the Governor and report to the Board next month.

APPROVAL - RECLAMATION SURETY BONDS

Ron Daniels presented to the Board several surety proposals in connection with "Reclamation Plans" previously submitted. Each was discussed at length, with the following results:

1) Rio Algom - Lisbon Mine and Humeca Mill:

Ron discussed the final proposals for the two separate bonds, wherein the only significant change was the Humeca Mill bond, which was increased due to the NRC's request for an 18" cover on the tailings pond rather than the 12" cover as originally specified. Although Rio Algom felt that the Division overestimated the bond for the Lisbon Mine, due to the amount calculated for the subsurface plugs, they have agreed to each of the amounts and have selected the "Escrow" form of surety. In addition, they have requested that the interest from said escrow fund be applied to the principal of the bond .. the staff agreed. The Board, however, expressed concern over the time period upon which the surety estimates were based. Mr. Feight suggested that the escrow agreement might be worded wherein it would state that the agreement was predicated on the present mining plan, and should there be any change in said plan or operation, the agreement would be subject to renegotiation.

It was agreed by all in attendance that the agreement, once filed, would be sent to Dan Stewart for review, with a copy to be sent to each Board Member as well.

- 2) Minex Corporation - Eagle Mine
Adams Mining Company - Brown Mountain Mine

The Board unanimously approved the staff's recommendation for surety amounts.

- 3) Kennecott Copper Corporation - Bingham Canyon Mine

Ron informed the Board that Kennecott had proposed a bond in the amount of \$25,000 per year, to be spent on reclamation projects, over the 50 year life of the mine, with their form of surety to be the "Contractual Agreement".

The Board Members felt that this amount may not be adequate, and asked Ron to arrange a meeting between the Kennecott representatives and the members of the Board. In addition, it was felt that a third party should be present - Mr. Paul Packer of the U.S. Forest Service was recommended and all agreed. The Board felt that Kennecott would have some idea as to the eventual use of the mine area, and they would like to be advised of same. "It was further agreed that each Board Member would be supplied with a copy of the Kennecott Plan for review."

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PROPOSED RESEARCH FUNDING

Chairman Cardon asked Brian Buck to explain his "Proposal for Research Funding", copies of which were previously mailed to each Board Member.

Brian discussed his concern over the problem of possible future disruption of the water resources in the Wasatch Plateau due to subsidence. He further indicated that after discussing this concern with the U.S. Geological Survey, the U.S. Forest Service, and the Division of Water Resources, each agency had not made any plans to study the problem. Brian suggested that perhaps the Board, in order

to stimulate action on this problem, might contribute all or a portion of the present R & D funding from the University of Utah, for the Fiscal Year 1977-78, to the Division in order to accomplish such a study.

Chairman Cardon expressed his concern that perhaps this type of study was not part of the Legislative Intent in the passage of the Mined Land Reclamation Act, however, upon polling each Board Member it was the general consensus of the Board that such a study would be a worthwhile project; each member felt that the Board should only take the lead if no other agency (Water Resources) would.

Brian indicated that he would like the Board to advise him as to what he may relate to those individuals who will be in attendance at an upcoming meeting on the subject, November 15, 1976, as to the Board's decision. The Board, therefore, indicated the following:

"The Board is looking into the matter to the best of their ability. Mr. Feight has already budgeted \$100,000 for Research and Development and there is a good possibility that it may go towards this project; it may go towards the present project with the University of Utah; or it may fund something completely different. At the present time, the Board is not ready to make any recommendations."

All Board Members agreed, and commended Brian for his forethought in the matter and an excellent presentation.

The meeting adjourned at 8:15 p.m.